GOVERNMENT OF INDIA
COMMUNICATIONS AND INFORMATION TECHNOLOGY
LOK SABHA

STARRED QUESTION NO:614
ANSWERED ON:08.05.2002
FDI IN TELECOM SECTOR
GOWDAR MALLIKARJUNAPPA;VILAS BABURAO MUTTEMWAR

Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether Foreign Direct Investment in the telecom sector has increased during the last two years;

(b) if so, the extent of increase registered during this period;

(c) whether FDI in the telecom sector is on the expected lines;

(d) if not, the shortfall in the FDI, if any;

(e) whether in terms of approval of FDI, telecom sector is the second largest after energy sector; and

(f) if so, the other measures being considered to improve the FDI inflow further for telecom sector during the current year?

Answer

THE MINISTER OF PARLIAMENTARY AFFAIRS AND COMMUNICATIONS & INFORMATION TECHNOLOGY (SHRI PR MAHAJAN)

(a) to (f): A Statement is laid on the Table of the House.

STATEMENT TO BE LAID ON THE TABLE OF LOK SABHA IN RESPECT OF PARTS (a) TO (f) OF LOK SABHA STAR QUESTION NO. 614 FOR 8TH MAY, 2002 REGARDING FDI IN TELECOM SECTOR.

(a) & (b): Yes, Sir. The Foreign Direct Investment (FDI) in the telecom sector during the last two years has increased substantially. While the total FDI inflow from August 1991 to December, 1999 was Rs. 4,221.1 crores, during the last two years itself the total FDI inflow had been Rs. 4,259.5 crores.

(c) & (d): Although no target had been set for the actual inflow of FDI in telecom sector, the increase in FDI inflow in telecom sector has been quite satisfactory.

(e) Yes, Sir. In terms of approval of FDI, telecom sector is the second largest sector in the country after the Fuels (Power and Oil Refinery).

(f) In the current year, major initiatives taken by the Government, which may result in further increase for FDI inflow include-

- Opening of international long distance services for free competition.
- Permitting Internet Telephony.
- Reduction in total customs duties on Cellular Phones and parts thereof.
- Electronic Hardware Technology Park(EHTP)scheme has been modified to strengthen the telecom manufacturing sector.
- Amendment in Central Sales Tax Act allowing telecom service sector to avail of benefit of uniform sales tax of 4%.